

Massachusetts Electric Company
Nantucket Electric Company
REVISED SERVICE QUALITY GUIDELINES PLAN

1. GENERAL

I. GENERAL

A. Provisions

~~The following guidelines shall apply to every gas and electric distribution company authorized to do business in the Commonwealth of Massachusetts, unless otherwise indicated. In the event of a conflict between these guidelines and any orders or regulations of the Department, said orders and regulations shall govern. If a gas or electric distribution company requests approval of a service quality plan that deviates, in whole or in part, from these guidelines, the request must be accompanied by reasons for each and every departure.~~ As of January 1, 2002, Massachusetts Electric Company and Nantucket Electric Company (collectively, the “Company”) will implement a revised Service Quality Plan, which includes Performance Standards for reliability, customer service and safety as set forth in this Revised Service Quality Plan (the “Plan”). The Plan will be in effect for the calendar years 2002 through 2009. The Plan will amend the Company’s Service Quality Plan approved in M.D.T.E. Docket No. 99-47 (the “Prior Plan”), as provided herein.

The following provisions will apply to the Company as of January 1, 2002.

B. Definitions

~~ABilling Adjustment@shall~~ “Billing Adjustment” will mean a revenue adjustment amount resulting from Departmental intervention in a billing dispute between ~~at~~ the Company and a residential customer.

~~ACircuit@shall~~ “Circuit” will mean a conductor or system of conductors through which an electric current is intended to flow.

~~AClass I Odor Call@shall mean those calls that relate to a strong odor of gas throughout a household or outdoor area, or a severe odor from a particular area.~~

~~AClass II Odor Call@shall mean calls involving an occasional or slight odor at an appliance.~~

~~ACompany@or ACompanies@shall refer to electric and gas distribution companies——unless otherwise~~ “Company” will refer collectively to Massachusetts Electric Company and Nantucket

Electric Company, unless otherwise indicated.

~~AComplaint@shall~~ “Complaint” will mean a formal complaint to the Consumer Division of the Department wherein the Consumer Division creates a systems record with a ~~customers~~ customer’s name and address.

~~AConsumer~~ “Consumer Division ~~Case@shall~~ Case” will mean a written record opened by the Consumer — Division of the Department in response to a Complaint that meets the criteria set forth in Section III.A.

~~ACustomer~~ “Customer Average Interruption Duration ~~Index@or~~ ~~CAIDI@shall~~ Index” or “CAIDI” will mean the total duration of customer interruption in minutes (as calculated by application of Section V ~~herein~~) divided by the total number of customer interruptions, expressed in minutes per year. CAIDI characterizes the average time required to restore service to the average customer per sustained interruption during the reporting period.

~~ACustomer~~ “Customer Equipment ~~Outage@shall~~ Outage” will mean an outage caused by customer operation or the failure of customer-owned equipment.

“Department” will mean the Department of Telecommunications and Energy.

~~A~~Electric Distribution ~~@ shall~~ will mean the delivery of electricity over lines that operate at a voltage level typically equal to or greater than 110 volts and less than 69,000 volts to an end-use customer within the ~~Commonwealth~~ Company’s service territory.

~~A~~Electric Distribution Facility ~~@ shall~~ will mean plant or equipment used for the distribution of electricity that is not a transmission facility, a cogeneration facility, or a small power production facility.

~~A~~Electric Distribution Feeder ~~@ shall~~ will mean a distribution facility circuit conductor between the service equipment, the source of a separately derived system, or other power-supply source and the final branch-circuit overcurrent device.

~~A~~Electric Distribution Line Loss ~~@ shall~~ will mean the electrical energy that is lost in the distribution system. Such loss includes (1) energy that is lost directly due to the delivery of electrical energy and results from the physical properties of the system’s wires and transformers and other incidental substation use, and (2) energy that is lost because of diversion, theft, and other unmetered use.

~~A~~Electric Distribution Service ~~@ shall~~ will mean the delivery of electricity to the customer by the electric distribution company over lines that operate at a voltage level typically equal to or greater than 110 volts and less than 69,000 volts.

~~AEmergency Call@~~ shall mean a telephone call where the caller believes that he or she is confronting special circumstances that might lead to bodily and/or system-related damage if the circumstances remain unaddressed. ~~Examples include, but are not limited to, downed wires, gas leaks, and gas odor reports. This includes, but is not limited to, downed wires.~~

~~AExcludable Major Event@~~ shall mean a major outage event that meets one of the following criteria: (i) the event is caused by earthquake, fire, or storm of sufficient intensity to give rise to a state of emergency being proclaimed by the Governor (as provided under the Massachusetts Civil Defense Act); (ii) any other event that causes an unplanned interruption of service to 15 percent or more of the electric distribution company's customers in an operating area; or (iii) an event that results from the failure or disturbance of a transmission, power supply, or other system that is not owned or operated by the electric distribution company. Notwithstanding the foregoing criteria, an extreme temperature condition would not constitute an Excludable Major Event.

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~~ALost Work Time Accident Rate@~~ ~~shall~~ shall will mean the Incidence Rate of Lost Work Time Injuries and Illness per 200,000 Employee Hours as defined by the U.S. Department of Labor Bureau of Labor Statistics.

~~AMeter Reading@~~ shall will mean the act of manually or automatically acquiring customer-specific usage levels of an energy resource, expressed in numerical units, for a defined period by actually consulting the customer's meter.

~~AMomentary Outage@ or AMomentary Interruption@~~ shall will mean an outage or interruption of electric service of less than one minute.

~~ANon-emergency Call@~~ shall will mean all telephone calls other than emergency calls.

~~AOperating Area@ shall mean a geographical subdivision of each electric distribution company's franchise territory as defined by the electric distribution company. These areas may also be referred to as regions, divisions, or districts. "Operating Area" will mean either the geographical service territory of the Company itself or one of the geographical districts within the Company.~~

~~APlanned Outage@~~ shall will mean an outage that is scheduled by the utility and of which customers are notified in advance, including, for example, during the connection of new customers or to ensure the safe performance of maintenance activities.

~~APoor Performing Circuit@~~ shall will mean any distribution feeder that:

- (i) has sustained a circuit SAIDI or SAIFI value for a reporting year that is among the highest (worst) ten percent of that utility's feeders for any two consecutive reporting years; or
- (ii) has sustained a circuit SAIDI or SAIFI value for a reporting year that is more than 300 percent greater than the system average of all feeders in any two consecutive reporting years.

ARestricted Work Day Rate@ ~~shall~~will mean the Incidence Rate of Restricted Work cases per 200,000 Employee Hours as defined by the U.S. Department of Labor Bureau of Labor Statistics.

AService Appointment@ ~~shall~~“Service Appointment” will refer to a mutually agreed upon arrangement for service between the Company and the customer that specifies the date for the ~~Company’s~~Company’s personnel to perform a service activity that requires the presence of the customer at the time of service.

AService ~~“Service~~ Interruption To A High-profile ~~Customer@shall~~Customer” will mean an outage that has a reasonable probability of involving a high-profile customer, including a hospital, airport, or large manufacturing, commercial, or institutional customer (who has a demand of 1 megawatt or greater).

ASystem ~~“System~~ Average Interruption Duration Index@ or ASAI@ ~~shall~~will mean the total duration of customer interruption in minutes (as calculated by application of Section V herein) divided by the total number of customers served by the distribution system, expressed in minutes per year. SAIDI characterizes the ~~average~~ length of time that ~~customers are~~the average customer is without electric service during the reporting period.

ASystem ~~“System~~ Average Interruption Frequency Index@ or ASIFI@ ~~shall~~will mean the total ~~number~~ of customer interruptions divided by the total number of customers served by the distribution system, expressed in interruptions per customer per year. SAIFI characterizes the ~~average~~ number of sustained electric service interruptions for ~~each~~the average customer during the reporting period.

ASustained Outage@ or ASustained Interruption@ ~~shall~~“Sustained Outage” or “Sustained will mean an outage or ~~interruption~~interruption of electric service that lasts at least one minute and is not classified as a momentary outage.

ATransmission ~~“Transmission~~ and Distribution Revenues@ ~~shall~~Revenues” will mean revenues collected through the base rates of ~~a transmission and distribution~~the companyCompany.

~~A~~Unaccounted for Gas~~@~~shall mean the reduction in the quantity of natural gas flowing through a pipeline that results from leaks, venting, and other physical and operational circumstances on a pipeline system. Unaccounted for Gas is also referred to as a line loss.

~~A~~Year~~@~~shall “Year” will mean calendar year unless otherwise noted.

C. Benchmarking

The historical average and standard deviation for benchmarking will be based on the ten most recent years worth of data for ~~each~~the Company. This will be a ~~fixed~~rolling average for the duration of the ~~PBR~~Service Quality Plan. Where ten years worth of information is not available to ~~a specific~~the Company, the Company ~~is directed to~~will use the maximum number of years of data available, so long as three years are available. As the Company collects additional data, that data will be included in benchmarking until ten years worth of data is collected. Thereafter, the benchmarking will be updated each year using the most recent ten years worth of data.

For SAIDI and SAIFI, the historic average and standard deviation for benchmarking will be based on the years ~~1996, 1997, 1998, 1999, and 2000.~~

1996 through the most recent year. As the Company collects additional data, that data will be included in benchmarking until ten years worth of data is collected. Thereafter, the benchmarking will be updated each year using the ten most recent years worth of data.

II. CUSTOMER SERVICE AND BILLING PERFORMANCE MEASURES

A. Telephone Service Factor

~~Each~~The Company ~~shall~~will gather data and report statistics on its handling of telephone calls. Call data ~~shall~~will be compiled and aggregated monthly. Reporting ~~shall~~will occur annually. The reports ~~shall~~will be submitted in accordance with Section IX below. ~~Each~~The Company ~~shall~~will report the percentage of telephone calls that are handled within ~~a time interval that is consistent with a Company's existing telephone response time measurement system, or as otherwise approved by the Department. Companies who have had no telephone response time measurement system until the date of this Order shall adopt a 20-second performance standard. At the conclusion of five years from the date of this Order, all Companies shall adopt the 20-second performance standard. Each Company shall also~~ 20 seconds by a customer service representative. The Company will also endeavor to provide, separately, call-handling times for Emergency Calls and Non-Emergency Calls ~~once available.~~

~~Telephone Service Factor shall be measured beginning at the point that the caller makes ——— a service selection and ending at the point that the call is responded to by the service~~

~~area selected by the caller. If the caller does not make a selection, the response time shall be measured from a point following the completion of the Company's recorded menu options and ending at the point that a customer service representative responds to the call.~~

Telephone Service Factor shall will be a performance measure subject to a revenue penalty or incentive.

B. Service Appointments Met As Scheduled

~~Each Company shall~~ Effective January 1, 2002, the Company will gather data and report statistics regarding the number of service calls met on the same day requested, excluding when a customer misses a mutually-agreed upon time. ~~Each~~ The Company ~~shall will~~ report the percentage of scheduled service appointments met by Company personnel on the same day requested. Service appointment data shall will be compiled and aggregated monthly. Reporting shall will occur annually. The reports shall will be submitted in accordance with Section IX below. Service Appointments Met As Scheduled shall will be a performance measure subject to a revenue ~~penalty.~~ penalty or incentive.

Because the Company has no historical data on this measure, it will not be included as a Performance Standard until 2005, when three years of historical data are available. Consequently, the weights of the other Performance Standards are increased prorata for the years 2002 through 2004.

C. On-Cycle Meter Readings

~~Each~~ The Company ~~shall will~~ gather data and report statistics for the percentage of meters that are actually read by the Company, monthly. ~~Each~~ The Company ~~shall will~~ report the percentage of customer meters actually read on a monthly basis. Eligible meters include both residential and commercial accounts. Meter reading data shall will be compiled and aggregated monthly. Reporting shall will occur annually. The reports shall will be submitted in accordance with Section IX below. On-cycle Meter Reading shall will be a performance measure subject to a revenue penalty or incentive.

III. CUSTOMER SATISFACTION MEASURES

A. Consumer Division Cases

Customer complaints shall will be categorized as a Consumer Division Case where a written record is opened by the Consumer Division using the following criteria:

- (1) the individual making the Complaint provides his or her identity to the Consumer Division and is either a (a) current, prospective, or former customer of the Company against which the Complaint has been lodged ~~Company~~, or (b) designee of the current, prospective, or former customer of the Company;
- (2) the individual or his/her designee has contacted the Company from which the customer receives distribution service prior to lodging a Complaint with the Department;
- (3) the ~~Department's~~ Department's investigator cannot resolve the Complaint without contacting the Company to obtain more information;
- (4) the matter involves an issue or issues over which the Department typically exercises jurisdiction; and
- (5) the matter involves an issue or issues over which the Company has control.

Consumer complaint data and billing adjustment data ~~shall~~ will be employed as service quality measures. The Department will compile and aggregate monthly the frequency of Consumer complaints per 1,000 residential customers. The Department also will compile and aggregate monthly the dollar amounts of Billing Adjustments. The Department will report data on both of these measures annually. The Department will offer company-specific meetings to discuss ~~each Company's~~ the Company's performance annually. Revenue penalties ~~shall~~ incentives will apply to each of these measures.

B. Billing Adjustments

The Department will compile and aggregate monthly the dollar amount of residential Billing Adjustments per 1,000 residential customers. The Department will provide such data to ~~each~~ the Company on an annual basis. Upon request of the Company, the Department may conduct a company-specific meeting to discuss the Company's performance. ~~Company's performance.~~

Each year, the Company will adjust its historical results to index them to current year rates by multiplying (a) the total residential billing adjustments in each historical year by (b) an adjustment factor, which will be derived by dividing the total monthly bill for a typical (500 kWh per month) residential customer in July of the current year by the total monthly bill for a typical (500 kWh per month) residential customer in July of such historical year. The sole purpose of this index is to eliminate changes in the price of electricity in customers' bills from affecting results under this
Performance Standard measure.

In the event that the Department expands its tracking of billing adjustments to commercial and industrial (C&I) customers, the Company will meet with the parties to incorporate commercial and industrial billing adjustments in this or a separate ~~P~~performance ~~S~~Standard.
Measure.

C. Consumer Surveys

~~Each~~The Company ~~shall~~will provide the results of two surveys to the Department on an annual ~~_____~~ basis: (1) a customer satisfaction survey of a statistically representative sample of residential customers; and (2) a survey of customers randomly selected from those customers who have contacted the ~~Company's~~Company's customer service department within the year in which service is being measured. The representative sample ~~shall~~will be newly drawn from customers contacting the ~~Company's~~Company's customer service area in the year previous and ~~shall~~will be conducted with a sample of respondents who are *redialed* after having concluded a contact with the ~~Company's~~Company's customer service area. The surveys, if conducted internally, ~~shall~~will be pre-approved by the Department regarding the method and customer ~~questions.~~questions.

For the residential customer satisfaction survey, the following question ~~shall be used:~~Using will be used: "Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied are you with the service you are receiving from ~~Company name?~~@

Massachusetts Electric Company/ Nantucket Electric Company?" For the customer-specific ~~For the customer specific~~ survey, the following question ~~shall be employed:~~Using will be used: "Using a scale where ~~4=1~~1 = very dissatisfied and 7 = very satisfied; how satisfied were you with the service you received from the customer service department of ~~Company Name?~~@Massachusetts Electric Company/Nantucket Electric Company?"

~~Each Company shall~~The Company will report the results of these surveys to the Department on an annual basis as specified in Section IX and ~~shall~~will include the results from the previous years of the survey up to a maximum of ten years. No benchmarks ~~shall~~will be calculated for these survey measures, because no revenue penalty or incentive mechanism has been assigned to these measures.

IV. STAFFING LEVEL BENCHMARK

~~Staffing benchmarks will be established on a company specific basis and will be determined by the then effective~~Specific provisions in the Company's collective bargaining agreement for each Company agreements meet the requirements of M.G.L. Chapter 164, Section 1E. Therefore, no further review of staffing levels is required.

V. ASSUMPTIONS FOR CALCULATING ELECTRIC RELIABILITY MEASURES

For the purpose of calculating SAIDI, SAIFI, and CAIDI, the following assumptions and criteria are to be used in accumulating outage data for standardizing reliability measurements:

- A. Customer Equipment Outages shall will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- B. Planned outages shall will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- C. Excludable Major Events shall will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- D. Momentary Outages shall will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- E. The beginning of an outage shall will be recorded at the earlier of an automatic alarm or the first report of no power;
- F. The end of an outage shall will be recorded at that point that power to customers is restored;
- G. Outages involving a primary distribution circuit shall will be included in the calculation of SAIDI, SAIFI, and CAIDI. Outages that do not involve a primary distribution circuit (i.e., secondary, line transformer only or service only) shall will not be included in the standardized indices.
- H. Where only part of a circuit experiences an outage, the number of customers affected shall will be estimated, unless an actual count is available. When power is partially restored, the number of customers restored also shall will be estimated.
- I. ~~I.~~ When customers lose power as a result of the process of restoring power (such as from switching operations and fault isolation), the duration of these additional outages shall will be included, but the additional number of interruptions shall will not be included in the calculation.
- J. Any interruption initiated by the Company for the purpose of ensuring public safety or employee safety will be considered a planned outage under Section I.B above.

VI. RELIABILITY, ~~LINE LOSS~~ AND SAFETY PERFORMANCE MEASURES

A. Electric Reliability

~~Each electric distribution company shall~~The Company will measure SAIDI and SAIFI on an annual basis in accordance with Section V and compare its performance~~following the implementation of the PBR Plan~~ to a benchmark established by Section I.C. SAIDI and SAIFI ~~shall~~will be performance measures subject to ~~a revenue penalty in~~revenue penalties or incentives in Section VII.

~~Section VII. Notwithstanding these provisions, to the extent that an electric distribution company measures SAIDI and SAIFI in a manner inconsistent with the method in Section V, such Company may measure SAIDI and SAIFI consistent with its historic method; however, a Company that chooses to use its own historic method shall:~~

- ~~(1) demonstrate why it cannot reasonably convert the data to the method in Section V,~~
- ~~(2) calculate the historic average for benchmarking using its same historic method for purposes of Section VII, and~~
- ~~(3) in addition to reporting SAIDI and SAIFI using its own historic method, report all SAIDI and SAIFI data consistent with the method in Section V. These data will not be used in the calculations of revenue penalties in Section VII.~~

B. ~~Response to Odor Calls~~

B. Distribution Line Losses

The Company will measure distribution line losses on an annual basis. Distribution line losses are defined as the difference between the total energy delivered into the distribution system and the total energy sold to retail customers. Delivered kWh are measured at substation and tie-line meters on an hourly basis. Each gas distribution Company shall respond to 95 percent of all Class I and Class II odor calls in one hour or less. Response to Odor Calls shall then aggregated over the hours in a calendar year for each distribution company. Monthly kWh sales are measured by billing meters at customer locations, and then aggregated across months to get the annual total for each distribution company. Distribution line losses will be a performance measure subject to a revenue ~~penalty~~penalties or incentives in Section VII.

The Department has recognized in its order of June 29, 2001 in Docket 99-84 that distribution line losses are greatly affected by fluctuations in load, which are not in the control of the distribution eCompany. In its annual filing with the Department, the Company, after consultation with the parties to the settlement that implemented the plan, may propose an adjustment to losses for changes in load factor or otherwise propose a change in the distribution losses Pperformance Standardmeasure contained herein. Moreover, nothing in this plan will prevent the parties from proposing to increase the weighting of the distribution losses Performance Standard and reducing the weighting of the other Pperformance Standardsmeasures in the plan. Any such proposed adjustment or change will be subject to Department review and approval.

C. Lost Work Time Accident Rate

~~Each~~The Company ~~shall~~will measure annually its Lost Work Time Accident Rate. The Lost Work Time Accident Rate ~~shall~~will be a performance measure subject to ~~a~~ revenue ~~penalty~~penalties or incentives in Section VII.

VII. REVENUE PENALTIES AND ~~PENALTY OFFSETS~~INCENTIVES

A. Applicability

~~The revenue penalty for the performance measures set forth in above in Sections II, III, and VI, except for Section VI.B, shall be determined in accordance with the penalty formula in Section VII.B. If a Company's penalties and incentives for the performance measures set forth above in Sections II, III, and VI will be determined in accordance with the formula in Section VII.B. If the Company's annual performance for a performance measure falls within or is equal to one standard deviation from the benchmark, no revenue penalty nor penalty offset shall be imposed for that measure. If a Company's annual performance for a measure exceeds one standard deviation up to two standard deviations (to the closest tenth of a decimal point) above the benchmark, it will be subject to the revenue penalty shown in Section VII. B.~~

~~If a Company's annual performance for a performance measure exceeds two standard deviations above the benchmark in any year, then the Department will open a formal investigation as to the reasons for the Company's poor performance.~~

~~Penalty offsets are calculated in a similar fashion to revenue penalties. If a Company's annual performance for a performance measure falls within or is equal to one standard deviation below the benchmark, no revenue offset is achieved. If a Company's annual performance is below one standard deviation (to the closest tenth of a decimal point) below the benchmark, it will earn a penalty offset. If the Company falls below two standard deviations in performance, the penalty offset is capped at the level associated with two standard deviations.~~

~~Penalty offsets may only be used to offset revenue penalties. Penalty offsets have no value other than to offset revenue penalties. Penalty offsets may be carried over from year to year. Penalty offsets will expire at the conclusion of any gas and electric distribution companies' service quality plan. Penalty offsets acquired on any performance measure may be used to offset revenue penalties on any other performance measure.~~

~~The revenue penalty for Section VI.B shall be determined in accordance with the penalty formula in Section VII.C. If a Company's annual performance for this measure equals or falls below 91 percent, then the Department will open a formal investigation as to the reasons for the Company's poor performance.~~

~~B. Penalty and Penalty offset Formulas~~

~~The revenue penalty formula for all performance measures (except for the measure in Section VI. B) shall be:~~

~~$\text{Penalty}_M = [0.25 * (\text{Observed Result} - \text{Historical Average Result})^2] * \text{Maximum Penalty Standard Deviation}$ or incentive will be imposed for that measure. If the Company's annual performance for a measure exceeds one standard deviation up to two standard deviations (to the closest tenth of a decimal point) above the benchmark, it will be subject to the revenue penalty or incentive shown in Section VII.B.~~

~~If the Company's annual performance for a performance measure exceeds two standard deviations above the benchmark in any year, then the Department may open a formal investigation as to the reasons for the Company's poor performance.~~

~~Incentives are calculated in a similar fashion to revenue penalties. If the Company's annual performance for a performance measure falls within or is equal to one standard deviation below the benchmark, no incentive is achieved. If the Company's annual performance is below one standard deviation (to the closest tenth of a decimal point) below the benchmark, it will earn an incentive. If the Company falls below two standard deviations in performance, the incentive is capped at the level associated with two standard deviations.~~

~~Incentives acquired on any performance measure may be used to offset revenue penalties on any other performance measure. Earned revenue penalties or incentives may will be carried forward from year to year subject to the limitations of the following provisions.~~

~~By March 1st of each year, the Company will report the accumulated incentives and penalties through the end of the prior calendar year under (i) this Revised Service Quality Plan and (ii) the~~

Prior Service Quality Plan. Whenever accumulated penalties exceed ~~accumulated~~ incentives by more than \$20 million, the excess over \$20 million will be returned to customers over a one-year period beginning on January 1 of the following calendar year. Whenever accumulated incentives exceed ~~accumulated~~ penalties by more than \$20 million, the excess over \$20 million will be recovered from customers over a one-year period beginning on January 1 of the following calendar year. Notwithstanding the foregoing, any residual accumulated penalty or incentive remaining at the end of 2009 will be returned to or recovered from customers over a one-year period beginning on January 1, 2011.

B. Penalty and Incentive Formulas

The revenue penalty formula for all performance measures will be:

$$\text{Penalty}_M = [0.25 * ((\text{Observed Result} - \text{Historical Average Result}) / \text{Standard Deviation})^2] * \text{Maximum Penalty}$$

If: $(\text{Observed Result} - \text{Historical Average Result})$ is a positive value.

The ~~offset penalty~~incentive formula for all performance measures ~~(except for the measure in Section VI. B) shall~~will be:

$$\text{Offset}_M = [0.25 * ((\text{Observed Result} - \text{Historical Average Result}) / \text{Standard Deviation})^2] * \text{Maximum Incentive}$$

If: $(\text{Observed Result} - \text{Historical Average Result})$ is a negative value.

Where:

Penalty_M = revenue penalty applied to performance measure M;

~~Offset_M = penalty offset~~Incentive_M = incentive applied to performance measure M;

Observed Result = the average actual performance measure achieved in year_y, rounded to the applicable decimal place as specified for each measure in Section VIII. A;

Historical Average Result = the average historical actual result, based on an arithmetic average of the previous years_{a..x} of historic data, rounded to the applicable decimal place as specified for each benchmark in Section VIII. C;

Standard Deviation = standard deviation of the historical average result; and

Maximum Penalty = $(PCL_M) * (AR * 0.02)$

Maximum ~~Offset~~Incentive = $(PCL_M) * (AR * 0.02)$

Where:

PCL_M = Performance category liability for the measure expressed as a percentage (derived from Section VII. ~~D~~C); and

AR = Annual Transmission and Distribution Revenues of ~~a Company for the applicable year.~~

~~C. — Penalty Formula for Class I and Class II Odor Calls~~

~~The revenue penalty formula for the performance measure set forth in Section VI. B shall be:~~

~~Class I and II Odor Call Penalty = Penalty Factor * Maximum Penalty~~

~~Where:~~

~~Penalty Factor is derived from Table PF, below:~~

~~Table PF~~

~~Penalty~~_____

~~Factor~~_____ ~~Calculation~~

~~.25~~_____ ~~when PP OR = 1 percent~~

~~.50~~_____ ~~when PP OR = 2 percent~~

~~.75~~_____ ~~when PP OR = 3 percent~~

~~1.00~~_____ ~~when PP OR = 4 percent or more~~

~~Where:~~

~~PP = 95 percent Fixed Target Benchmark~~

~~OR = Observed percentage of Class I and Class II Odor Calls actually responded to within 60 minutes achieved in year, rounded to the nearest percentage point; and~~

$$\text{Maximum Penalty} = (\text{PCL}) * (\text{AR} * 0.02)$$

~~Where:~~

~~PCL = Performance category liability for the Class I & II Odor Calls measure expressed as a percentage (derived from Section VII. D); and~~

~~AR = Annual Transmission and Distribution Revenues of a Company for the applicable year; the Company for the prior year, rounded to the nearest \$100,000.~~

If the individual incentive or penalty under any individual ~~P~~performance ~~Standard~~measure is less than \$50,000 it will be considered to be zero.

Notwithstanding the use of an up to ten year rolling average as the basis for the performance mechanism herein, any performance at or below the level of performance established for the maximum penalty using data ending in calendar year 2000 as set forth in Attachment 5a will be subject to the maximum penalty under the Plan.

In the event that the Company's actual performance in the outage frequency or duration ~~P~~performance ~~Standard~~measure results in the accrual of the maximum possible penalty for such standard for two consecutive years, thereafter, the maximum penalty for such individual ~~P~~performance ~~Standard~~measure will be twice the value resulting from the formulae contained herein for each subsequent year in which the maximum penalty is accrued for such standard, until actual performance no longer results in the accrual of the maximum penalty for such standard. Furthermore, notwithstanding any other provision hereof to the contrary, when the Company accrues a doubled penalty for outage frequency or duration performance, the amount of any such doubled penalty will be refunded to customers over the next calendar year. Under no circumstances will the Company be authorized to increase the incentives beyond the amounts determined in accordance with the provisions contained herein.

~~D. Apportionment of Penalty~~ C. Apportionment of Penalty/Incentive Among Performance Measures

Revenue penalties ~~shall~~ and incentives will be apportioned among the various performance measures as follows:

Safety and Reliability

SAIDI	22.5 percent (electric distribution companies only)
SAIFI	22.5 percent (electric distribution companies only)
Class I & II Odor Calls	45.0 percent (gas distribution companies only)
	<u>2002 – 2004</u> <u>2005 - 2009</u>

Safety, Reliability & Losses

SAIDI	25.0 percent	22.5 percent
SAIFI	25.0 percent	22.5 percent
Lost Work-Time Accident Rate	11.1 percent	10.0 percent
Rate <u>10.0 Distribution Line Losses</u>	5.6 percent	5.0 percent

Customer Service and Billing

Telephone Answering Rate	12.5 11.1 percent	10.0 percent
Service Appointments Met	12.5 -	10.0 percent
On-Cycle Meter Readings	11.1 percent	10.0 percent

Consumer Division Statistics

Consumer Division Cases	5.6 percent	5.0 percent
Billing Adjustments	5.5 percent	5.0 percent

VIII. REPORTING REQUIREMENTS

A. Reliability, Line Loss, and Safety Indices and Rates

~~Each~~ The Company ~~shall~~ will report on an annual basis SAIDI, SAIFI, CAIDI, Lost Work Time Accident Rate, Electric Distribution Line Loss, ~~Unaccounted for Gas~~, Restricted ~~Work Day~~ Work-Day Rate, and damage to company property, ~~and percentage of all Class I and Class II odor calls responded in one hour or less~~. These reports ~~shall~~ will be submitted in accordance with Section IX below.

CAIDI and SAIDI ~~shall~~ will be reported in terms of minutes and ~~shall~~ will be measured and reported to the nearest 100th of a minute. SAIFI ~~shall~~ will be reported to the nearest 1000th of a reported outage. The Lost Work Time Accident Rate ~~shall~~ will be reported to the nearest 100th of an accident. Restricted ~~Work Day Rate shall~~ Work-Day Rate will be reported to the nearest

100th of a case. Electric Distribution Line Loss shall will be reported to the nearest 10th ~~of a percentage point. Unaccounted for Gas shall be reported to the nearest 100th~~ of a percentage point. The Consumer and Billing Measures shall will be reported to the nearest 10th of ~~a percentage point. The Class I and Class II odor calls shall be reported to the nearest~~ percentage point.

For the annual reports on electric distribution line loss, ~~each electric distribution company shall~~ The Company will provide sufficient substantiation of:

- (1) its Electric Distribution Line Loss value,
- (2) the accompanying adjustments that were made to standardize the value to specific reference conditions, and
- (3) the specific reference conditions.

For the annual reports on damage to company property, ~~each electric distribution company shall~~ The Company will file annually property damage reports on incidents involving property damage of the Company in excess of \$50,000 per incident that is attributed to Company-owned facilities. A report shall will be submitted within 48 hours of the incident and shall will include the same information as that submitted for accidents as described in this Section VIII. I.

B. Past Reliability and Safety Performance Data

~~Each electric distribution company shall~~ The Company will report the Lost Work Time Accident Rate data from the past ten years in the same fashion as in Section VIII.A. ~~Each electric distribution company shall~~ The Company will report SAIDI and SAIFI data from the past ten years in the same fashion as in Section VIII.A. ~~Each electric distribution company shall~~ The Company will use its best efforts to standardize SAIDI and SAIFI historical data (consistent with the method in Section V). The SAIDI, SAIFI, and Lost Work Time Accident Rate data shall will be provided in ~~each company's~~ the Company's first annual report submitted in accordance with Section IX below. ~~Each company's~~ The Company's first annual report should describe limitations in data that affect standardization of SAIDI and SAIFI, and provide its best estimate of the statistical error inherent in the standardized indices.

C. Benchmarks

~~Each~~ The Company shall will provide the supporting calculations that were used in determining the standard and benchmark values. SAIDI shall will be reported in terms of minutes and shall will be measured and reported to the nearest 100th of a minute. SAIFI shall will be reported to the nearest 1000th of a reported outage. The Lost Work Time Accident Rate shall will be reported to the nearest 100th of an accident. The Consumer and Billing standards shall will be

reported to the nearest 10th of a percentage point. The reports ~~shall~~will be submitted in accordance with Section IX below.

~~Each Company shall~~The Company will report on an annual basis the Lost Work Time Accident Rate and the Consumer and Billing performance standards and benchmarks that were determined in accordance with Sections II and VI, above. ~~Each electric distribution~~The Company shallwill report on an annual basis the SAIDI and SAIFI performance standards and benchmarks that were determined in accordance with Section VI, above.

D. Annual Major Outage Events

~~Each electric distribution company shall~~The Company will identify and report on an annual basis the outages that are considered Excludable Major Events. For each major event excludable under the standard above ~~(or excluded using a company's historic method), each electric distribution shall~~the Company will report the total number of customers affected, the service area affected, the number of customers without service at periodic intervals, the time frame of longest customer interruption, and the number of crews used to restore service on a per shift basis. In addition, the report ~~shall~~will include the ~~particular electric distribution company's~~Company's policy on tree trimming, including its tree trimming cycle, inspection procedures, and typical minimum vegetation clearance requirement from electric lines. These reports ~~shall~~will be submitted in accordance with Section IX, below.

E. Capital Expenditure Information

~~Each~~The Company ~~shall~~will report on an annual basis the capital investment approved and capital investment completed in the ~~company's~~Company's transmission and distribution infrastructure to ensure delivery of reliable electricity ~~and gas~~. This report ~~shall~~will include a list of its major capital investment projects that relate to ~~maintaining maintain~~ transmission and distribution reliability and a summary description of each project. The summary ~~shall~~will include a list and location of each transmission and distribution facility that was modified, upgraded, replaced, and/or constructed as well as the costs and scope of work involved in the facility modification, upgrade, replacement, and/or construction.

~~Each~~The Company ~~shall~~will report the same capital expenditure data from the ten most recent years in the same fashion as in the previous paragraph. The data ~~shall~~will be provided in ~~each company's~~the Company's first annual report.

The reports ~~shall~~will be submitted in accordance with Section IX below.

F. Spare Component and Acquisition Inventory Policy and Practice

~~Each~~The Company ~~shall~~will report on an annual basis its policy for identifying, acquiring, and stocking critical spare components for its distribution and transmission system. ~~Each Company's~~The Company's first annual report ~~shall~~will address how this policy has changed or evolved over the past 10 years. The reports ~~shall~~will be submitted in accordance with Section IX below.

G. Poor Performing Circuits

~~Each~~The Company ~~shall~~will identify and report on an annual basis its poor performing circuits. The report on these poor performing circuits ~~shall~~will include the following information:

- (1) the feeder or circuit identification number;
- (2) the feeder or circuit location;
- (3) the reason(s) why the circuits performed poorly during the reporting year;
- (4) the number of years that the circuit(s) performed poorly;
- (5) the steps that are being considered and/or have been implemented to improve the reliability of these circuits; and
- (6) the SAIDI or SAIFI value for the specific circuit(s).

The reports ~~shall~~will be submitted in accordance with Section IX below.

H. Electric Service Outages

~~Each electric distribution company shall~~The Company will continue to report the distribution and transmission outages consistent with the ~~Department's~~Department's Outage and Accident Reporting Procedures. These standards supersede previous Outage and Accident Reporting Procedures.

~~Each electric distribution company shall~~The Company will report every distribution and transmission outage that occurs within or impacts its service territory. ~~Each electric distribution company shall~~The Company will report to the Department, within a one-half hour period from the beginning of the outage, every outage that results in 5,000 or more customer outage hours or that results in a service interruption to a high-profile customer. ~~(These reports shall be revised to reflect updated information about the outage.)~~ All other outages ~~shall~~will be reported to the Department within a 24-hour period from the beginning of the outage.

These reports ~~shall~~will include the following information:

- (1) date of the outage;
- (2) location of the outage (by providing town and street(s) location);
- (3) nature or cause of the outage;
- (4) number of customers affected;
- (5) time outage commenced and time service was/will be restored;
- (6) duration of the outage;
- (7) number of customer outage hours;
- (8) feeder or circuit number;
- (9) district or division where outage occurred;
- (10) identification of overhead or underground line where fault or outage occurred;
- (11) the name and telephone number of a utility employee who may be contacted about the outage;
- (12) approximate number of crew(s) involved in the power restoration; and
- (13) whether the outage is considered an Excludable Major Event.

These reports ~~shall~~will be submitted in accordance with Section X below.

I. Other Safety Performance Measures

In compliance with the requirements of G.L. c. 164, ~~' 95, each Company shall~~ § 95, the Company will report within a 24-hour period of an accident the following information:

- (1) time and date of incident;
- (2) time and date of the notice to the Department;
- (3) location of the incident;
- (4) a detailed description of the accident including information about fatalities, injuries, facilities and third-party property damage; and
- (5) the name and telephone number of a utility employee who may be contacted about the accident.

These standards supercede previous Outage and Accident Reporting ~~Procedures.~~

Procedures. These reports ~~shall~~will be submitted in accordance with Section X.

IX. SUBMITTING ANNUAL REPORTS TO THE DEPARTMENT

The annual reports described previously ~~shall~~will be submitted to the Department by March 1 of each year reflecting the data from the previous year(s) and ~~shall~~will be submitted in the following manner:

- A. the original to Secretary, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110;

- B. one copy to the Electric Power Division Director, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110;
- C. one copy to the Rates and Revenues Division Director, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts, 02110;
- D. one copy of the report to the Consumer Division Director, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110; and
- E. an electronic copy of the report to the Department, by one of two means:
 - (1) by e-mail attachment to dte.efiling@state.ma.us; or (2) on a ~~3.5@floppy~~ diskette, 3.5" floppy diskette, IBM-compatible format to the Director of Electric Power Division, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110. The text of the e-mail or the diskette label must specify: (1) an easily identifiable case caption; (2) docket number; (3) name of the person or Company submitting the filing, and (4) a brief descriptive title of document (e.g., comments or petition to intervene). The electronic filing should also include the name, title and phone number of a person to contact in the event of questions about the filing. Text responses should be written in either Word Perfect (naming the document with a ".wpd" suffix) or in Microsoft Word, (naming the document with a A.doe@.doc suffix). Data or spreadsheet responses should be compatible with Microsoft Excel.

X. SUBMITTING OUTAGE AND OTHER SAFETY PERFORMANCE MEASURE REPORTS TO THE DEPARTMENT

The reports required by these standards ~~shall~~will be submitted to the Department in the following manner:

- A. on-line through a Department-secured website. If website access is unavailable, then an electronic copy of the report ~~shall~~will be submitted to the Department, by using one of the following methods: (1) by e-mail attachment to dte.efiling@state.ma.us; or (2) on a ~~3.5@3.5~~" floppy diskette, IBM-compatible format, to the Director of Electric Power Division, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110. The text of the e-mail or the diskette label must specify: (1) an easily identifiable case caption; (2) docket number; (3) name of the person or Company submitting the filing, and (4) a brief descriptive title of document (e.g., comments or petition to intervene). The electronic filing should also include the name, title and phone number of a person to contact in the event of questions about the filing. Text responses should be written in either Word Perfect (naming the document with a ".wpd" suffix) or in Microsoft Word, (naming the document with a ~~A.doe@~~"_doc" suffix). Data or spreadsheet responses should be compatible with Microsoft Excel; and,
- B. one copy of the report submitted to the Consumer Division Director, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110.

For electric service outages that are required to be reported within a one-hour period as described in Section VIII.H, ~~each~~the Company ~~shall~~will, in addition to submitting a written report, contact by telephone the Electric Power Division Director, Consumer Division Director, Executive Director, or one of the commissioners of the Department to convey the information surrounding the outage.

XI. BILLING INFORMATION

~~Each~~The Company is directed to submit language, for approval by the Department, to be _____ placed on the back side of customer bills, which notifies customers of (a) their ability to contact the Department regarding service quality complaints or questions, and (b) the ~~Department's~~Department's website address (www.magnet.state.ma.us/dpu).

XII. GENERAL RESERVATION

The Department retains the discretion to waive or depart from any provision of ~~these~~guidelinesthis plan as the interests of fairness may require.